

RECORDATION NO. 23282 FILED

DEC 26 '00 12-08 PM
SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
1600 K STREET, NW
SUITE 200
WASHINGTON, D.C.
20006-2973

(202) 393-2266
FAX (202) 393-2156

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

December 26, 2000

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of Memorandum of Lease, dated as of December 27, 2000, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: ABN AMRO Bank, N.V.
135 South LaSalle Street, Suite 740
Chicago, IL 60603

Lessee: Eastman Chemical Company
100 North Eastman Road
Kingsport, Tennessee 37662

A description of the railroad equipment covered by the enclosed document is:

122 railcars within the series ETCX 252051 - ETCX 252144 and 258013 and within the series ETCX 223500 - ETCX 230534 and ACFX 57980.

Mr. Vernon A. Williams
December 26, 2000
Page Two

A short summary of the document to appear in the index follows:

Memorandum of Lease Agreement between ABN AMRO Bank, N.V.,
Lessor, and Eastman Chemical Company, Lessee, covering 122 railcars
within the series ETCX 252051 - ETCX 252144 and 258013 and within the
series ETCX 223500 - ETCX 230534 and ACFX 57980.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface
Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

**FILING AND RECORDING REQUESTED BY,
AND WHEN FILED AND RECORDED RETURN TO:**

Alvord & Alvord
918 16th Street, NW, Suite 200
Washington, DC 20006-2973
Attention:

RECORDATION NO. 23282 FILED

DEC 26 '00 12-08 PM

SURFACE TRANSPORTATION BOARD

-----SPACE ABOVE THIS LINE FOR RECORDER'S USE-----

MEMORANDUM OF LEASE

dated as of December 27, 2000

between

EASTMAN CHEMICAL COMPANY,
a Delaware corporation,
as Lessee,

ABN AMRO BANK N.V.,
not individually,
but solely in its capacity as Agent Lessor

This **MEMORANDUM OF LEASE** dated as of December 27, 2000 (this "**Memorandum**") between **ABN AMRO BANK N.V.**, not in its individual capacity, but solely as Agent Lessor, with an address at 135 South LaSalle, Suite 725, Chicago, Illinois 60674-9135 ("**Agent Lessor**"), and **EASTMAN CHEMICAL COMPANY**, a Delaware corporation, with an address at 100 North Eastman Road, Kingsport, Tennessee 37662-5075, as Lessee ("**Lessee**").

WITNESSETH:

WHEREAS, Lessee and Agent Lessor have entered into (i) that certain (unfiled) lease agreement dated as of May 1, 2000 (as from time to time amended, restated, supplemented or otherwise modified, the "**Lease**") pursuant to which Agent Lessor will lease to Lessee, and Lessee will lease from Agent Lessor, the units of equipment delivered to Agent Lessor on each Delivery Date as more fully described in each Lease Supplement, (ii) that certain Lease Supplement No. 1 (unfiled) dated as of May 1, 2000, (iii) that certain Lease Supplement No. 2 (unfiled) dated as of September 30, 2000 and (iv) that certain Lease Supplement No. 3 (unfiled) dated as of the date hereof (the "**Lease Supplement**") covering the units identified on Annex A hereto (the "**Units**").

NOW, THEREFORE, in consideration of the mutual premises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Interpretation; Full Recourse. For all purposes hereof, the capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in Appendix 1 to that certain Participation Agreement dated as of May 1, 2000, among Lessee, Agent Lessor and the Participants identified therein (as from time to time amended, restated, supplemented or otherwise modified, the "**Participation Agreement**"). The rules of interpretation set forth in such Appendix 1 shall also apply hereto. This Memorandum evidences of record the Lease, and all references herein or in the other Operative Documents to the Lease shall be deemed to include this Memorandum. All obligations imposed on the "Lessee" in the Lease shall be the full recourse liability of Lessee.

SECTION 2. Units. Effective upon the execution and delivery of this Memorandum and each Lease Supplement by Agent Lessor and Lessee, the units identified in such Lease Supplement shall be subject to the terms and provisions of the Lease. Subject to the terms and conditions of the Lease, Agent Lessor hereby leases the Units to Lessee for the Lease Term and Lessee hereby agrees to lease the Units from Agent Lessor for the Lease Term.

SECTION 3. Lease Term. Unless earlier terminated in accordance with the provisions of the Lease or the other Operative Documents, the term of the Lease and this Memorandum (the "**Lease Term**") shall consist of the Base Term and any Renewal Terms. The Base Term shall begin on the date hereof and shall end on May 1, 2005). Subject to the terms and conditions of the Lease, Lessee may elect to extend the Lease Term, or the initial Renewal Term, as the case may be, for a one year period (each, a "**Renewal Term**"). In no event shall more than two Renewal Terms be granted. For and in consideration of good and valuable consideration paid by

Lessee to Agent Lessor as described in the Lease, Agent Lessor hereby grants to Lessee the right to purchase the Units or to market and sell the Units during the Lease Term of this Memorandum on the terms set forth in the Lease.

SECTION 4. Nature of the Transaction. It is the intention of the parties that:

(a) the Overall Transaction constitutes an operating lease from Agent Lessor and Participants to Lessee for purposes of Lessee's financial reporting;

(b) for all other purposes, including federal and all state and local income and transfer taxes, bankruptcy, insolvency and receivership (including the substantive law upon which bankruptcy, insolvency and receivership proceedings are based), commercial law and UCC purposes:

(1) the Overall Transaction constitutes a financing by the Participants to Lessee and preserves beneficial ownership in the Equipment in Lessee, and the obligations of Lessee to pay Basic Rent shall be treated as payments of interest to the Participants, and the payment by Lessee of any amounts in respect of the Lease Balance shall be treated as payments of principal to the Participants; and

(2) the Lease grants a security interest in the Equipment in favor of Agent Lessor for the benefit of the Participants.

Nevertheless, Lessee acknowledges and agrees that none of Agent Lessor or any Participant has made any representations or warranties concerning the tax, accounting or legal characterization of the Operative Documents or any aspect of the Overall Transaction and that Lessee has obtained and relied upon such tax, accounting and legal advice concerning the Operative Documents and the Overall Transaction as it deems appropriate.

(c) Specifically, without limiting the generality of Section 4(a), the parties hereto intend and agree that in the event of any insolvency or receivership proceedings or a petition under the United States bankruptcy laws or any other applicable insolvency laws or statute of the United States of America or any State or Commonwealth thereof affecting Lessee, Agent Lessor or the Participants or any collection actions, the transactions evidenced by the Operative Documents are loans made by the Participants in each case as unrelated third party lenders, and that Agent Lessor holds title to the Equipment for the benefit of the Participants to secure Lessee's obligations to repay such loans to the Participants and all other amounts due under any of the Operative Documents.

SECTION 5. Notice to Potential Claimants. Nothing contained in this Memorandum or the Lease shall be construed as constituting the consent or request of Agent Lessor, expressed or implied, to or for the performance by any contractor, mechanic, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to any Unit or any part thereof. **NOTICE IS HEREBY GIVEN THAT NEITHER AGENT LESSOR NOR ANY PARTICIPANT IS OR SHALL BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE, OR TO ANYONE HOLDING A UNIT OR ANY PART OR PORTION THEREOF THROUGH OR UNDER LESSEE, AND THAT NO**

MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF AGENT LESSOR OR ANY PARTICIPANT IN AND TO ANY EQUIPMENT.

SECTION 6. Ratification. The terms and provisions of the Lease are hereby ratified and confirmed and remain in full force and effect. In the event of any conflict between the terms of the Lease and the terms of this Memorandum, the terms of the Lease shall control.

SECTION 7. GOVERNING LAW. THIS MEMORANDUM SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THEREOF.

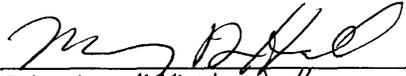
SECTION 8. Counterpart Execution. This Memorandum may be executed in any number of counterparts and by each of the parties hereto in separate counterparts, all such counterparts together constituting but one and the same instrument.

[Signatures on next page]

IN WITNESS WHEREOF, each of the parties hereto has caused this Memorandum to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

LESSEE:

EASTMAN CHEMICAL COMPANY,
a Delaware corporation

By: 
Name Printed: MARY D. HORNE
Title: Assistant Treasurer

AGENT LESSOR:

ABN AMRO BANK N.V., not individually
but solely in its capacity as Agent Lessor

By: _____
Name Printed: _____
Title: _____

By: _____
Name Printed: _____
By: _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Memorandum to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

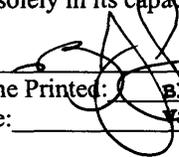
LESSEE:

EASTMAN CHEMICAL COMPANY,
a Delaware corporation

By: _____
Name Printed: _____
Title: _____

AGENT LESSOR:

ABN AMRO BANK N.V., not individually
but solely in its capacity as Agent Lessor

By:  _____
Name Printed: **Blake J. Lacher**
Title: **Vice President**

By:  _____
Name Printed: **Thomas J. McAleese**
By: **Vice President**

ACKNOWLEDGMENT-LESSEE

STATE OF Tennessee)
COUNTY OF Sullivan)

On Dec 19, 2000, before me, Tammy C. Jones, a Notary Public in and for said State, personally appeared Mary D. Hall, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Tammy C. Jones (Seal)
Commission Expires: 11/2/03

ANNEX A

Description of Equipment

See attached pages.

Schedule 1
Hopper Cars

<u>Car</u>	<u>Number</u>	<u>Final</u> <u>Inspection</u>	<u>Forwarded</u> <u>Date</u>	<u>Arrival</u> <u>Date</u>
ETCX	252064	9/20/2000	9/20/2000	9/28/2000
ETCX	252065	9/21/2000	9/22/2000	10/15/2000
ETCX	252067	9/20/2000	9/20/2000	10/5/2000
ETCX	252070	9/21/2000	9/22/2000	10/5/2000
ETCX	252076	9/21/2000	9/22/2000	9/28/2000
ETCX	252082	9/21/2000	9/22/2000	9/28/2000
ETCX	252090	9/20/2000	9/20/2000	10/15/2000
ETCX	252100	9/21/2000	9/22/2000	9/28/2000
ETCX	252113	9/20/2000	9/20/2000	10/15/2000
ETCX	252115	9/21/2000	9/22/2000	10/4/2000
ETCX	252138	9/21/2000	9/22/2000	10/16/2000
ETCX	252074	9/23/2000	9/25/2000	10/3/2000
ETCX	252078	9/23/2000	9/25/2000	10/4/2000
ETCX	252102	9/27/2000	9/27/2000	10/4/2000
ETCX	252107	9/23/2000	9/25/2000	10/4/2000
ETCX	252112	9/26/2000	9/27/2000	10/4/2000
ETCX	252125	9/27/2000	9/27/2000	10/4/2000
ETCX	252137	9/26/2000	9/27/2000	10/4/2000
ETCX	252139	9/26/2000	9/27/2000	10/4/2000
ETCX	258013	10/4/2000	10/4/2000	10/13/2000
ETCX	252104	10/4/2000	10/4/2000	10/14/2000
ETCX	252079	10/11/2000	10/13/2000	10/18/2000
ETCX	252088	10/12/2000	10/13/2000	10/18/2000
ETCX	252091	10/12/2000	10/13/2000	10/18/2000
ETCX	252145	10/11/2000	10/13/2000	10/18/2000
ETCX	252052	10/18/2000	10/20/2000	10/24/2000
ETCX	252062	10/18/2000	10/20/2000	10/24/2000
ETCX	252072	10/18/2000	10/20/2000	10/24/2000
ETCX	252073	10/19/2000	10/20/2000	10/24/2000
ETCX	252148	10/18/2000	10/18/2000	10/23/2000
ETCX	252056	10/23/2000	10/27/2000	10/27/2000
ETCX	252057	10/23/2000	10/25/2000	11/1/2000
ETCX	252068	10/23/2000	10/27/2000	11/2/2000
ETCX	252071	10/23/2000	10/27/2000	11/2/2000
ETCX	252075	10/23/2000	10/25/2000	11/1/2000
ETCX	252081	10/23/2000	10/25/2000	11/1/2000
ETCX	252093	10/18/2000	10/20/2000	10/25/2000
ETCX	252094	10/18/2000	10/20/2000	10/25/2000
ETCX	252096	10/18/2000	10/20/2000	10/25/2000
ETCX	252105	10/19/2000	10/20/2000	10/25/2000
ETCX	252108	10/23/2000	10/27/2000	11/2/2000
ETCX	252111	10/19/2000	10/20/2000	10/25/2000
ETCX	252118	10/23/2000	10/25/2000	11/1/2000
ETCX	252128	10/23/2000	10/25/2000	11/1/2000
ETCX	252131	10/23/2000	10/25/2000	11/1/2000
ETCX	252136	10/23/2000	10/25/2000	11/1/2000

ETCX	252144	10/23/2000	10/25/2000	11/1/2000
ETCX	252051	10/30/2000	10/31/2000	11/5/2000
ETCX	252059	10/30/2000	10/31/2000	11/5/2000
ETCX	252063	11/1/2000	11/1/2000	11/7/2000
ETCX	252069	11/1/2000	11/1/2000	11/7/2000
ETCX	252087	11/1/2000	11/1/2000	11/7/2000
ETCX	252095	11/1/2000	11/1/2000	11/7/2000
ETCX	252114	10/30/2000	10/31/2000	11/5/2000
ETCX	252122	10/30/2000	10/31/2000	11/5/2000
ETCX	252129	10/30/2000	10/31/2000	11/5/2000
ETCX	252058	11/9/2000	11/10/2000	11/16/2000
ETCX	252083	11/9/2000	11/10/2000	11/16/2000
ETCX	252134	11/9/2000	11/10/2000	11/16/2000

Tank Cars

<u>Car</u>	<u>Number</u>	<u>Final Inspection</u>	<u>Forwarded Date</u>	<u>Arrival Date</u>
ETCX	223500	10/17/2000	10/18/2000	10/28/2000
ETCX	223501	10/17/2000	10/18/2000	10/28/2000
ETCX	223502	10/12/2000	10/16/2000	10/28/2000
ETCX	223503	10/17/2000	10/18/2000	10/28/2000
ETCX	223504	10/19/2000	10/20/2000	10/28/2000
ETCX	223505	10/19/2000	10/20/2000	10/28/2000
ETCX	223506	10/17/2000	10/18/2000	10/28/2000
ETCX	223507	10/12/2000	10/16/2000	10/28/2000
ETCX	223508	10/12/2000	10/16/2000	10/28/2000
ETCX	223509	10/19/2000	10/20/2000	10/28/2000
ETCX	223510	10/17/2000	10/18/2000	10/28/2000
ETCX	223511	10/12/2000	10/16/2000	10/28/2000
ETCX	223512	10/12/2000	10/16/2000	10/28/2000
ETCX	223513	10/17/2000	10/18/2000	10/28/2000
ETCX	223514	10/12/2000	10/16/2000	10/28/2000
ETCX	223515	10/12/2000	10/16/2000	10/28/2000
ETCX	223516	10/12/2000	10/16/2000	10/28/2000
ETCX	223517	10/12/2000	10/16/2000	10/28/2000
ETCX	223518	10/19/2000	10/20/2000	10/28/2000
ETCX	223519	10/19/2000	10/20/2000	10/28/2000
ETCX	223520	10/12/2000	10/16/2000	10/28/2000
ETCX	223521	10/12/2000	10/16/2000	10/28/2000
ETCX	223522	10/19/2000	10/20/2000	10/28/2000
ETCX	223523	10/19/2000	10/20/2000	10/28/2000
ETCX	223524	10/19/2000	10/20/2000	10/28/2000
ETCX	230500	11/1/2000	11/3/2000	11/6/2000
ETCX	230501	11/1/2000	11/3/2000	11/6/2000
ETCX	230502	11/1/2000	11/3/2000	11/6/2000
ETCX	230503	11/1/2000	11/3/2000	11/6/2000
ETCX	230504	11/1/2000	11/3/2000	11/6/2000
ETCX	230505	11/1/2000	11/3/2000	11/6/2000
ETCX	230506	11/1/2000	11/3/2000	11/6/2000
ETCX	230507	10/31/2000	10/31/2000	11/6/2000

ETCX	230508	10/31/2000	10/31/2000	11/6/2000
ETCX	230509	11/1/2000	11/3/2000	11/6/2000
ETCX	230510	11/8/2000	11/10/2000	11/13/2000
ETCX	230511	11/1/2000	11/3/2000	11/6/2000
ETCX	230512	11/1/2000	11/3/2000	11/6/2000
ETCX	230513	11/8/2000	11/10/2000	11/13/2000
ETCX	230514	10/31/2000	11/3/2000	11/6/2000
ETCX	230515	10/31/2000	10/31/2000	11/6/2000
ETCX	230516	10/31/2000	11/3/2000	11/6/2000
ETCX	230517	11/8/2000	11/10/2000	11/13/2000
ETCX	230518	10/31/2000	10/31/2000	11/6/2000
ETCX	230519	11/8/2000	11/10/2000	11/13/2000
ETCX	230520	10/31/2000	10/31/2000	11/6/2000
ETCX	230521	10/31/2000	10/31/2000	11/6/2000
ETCX	230522	11/8/2000	11/10/2000	11/13/2000
ETCX	230523	11/8/2000	11/10/2000	11/13/2000
ETCX	230524	11/8/2000	11/10/2000	11/13/2000
ETCX	230525	11/8/2000	11/10/2000	11/13/2000
ETCX	230526	11/8/2000	11/10/2000	11/13/2000
ETCX	230527	11/8/2000	11/10/2000	11/13/2000
ETCX	230528	11/8/2000	11/10/2000	11/13/2000
ETCX	230529	11/8/2000	11/10/2000	11/13/2000
ETCX	230530	11/8/2000	11/10/2000	11/13/2000
ETCX	230531	11/8/2000	11/10/2000	11/13/2000
ETCX	230532	11/8/2000	11/10/2000	11/13/2000
ETCX	230533	11/8/2000	11/10/2000	11/13/2000
ETCX	230534	11/8/2000	11/10/2000	11/13/2000
ETCX	223990	11/7/2000	11/8/2000	11/22/2000
ETCX	223991	11/7/2000	11/8/2000	11/22/2000

Total

ACFX 57980